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PLAINFIELD TOWNSHIP
IOSCO COUNTY, MICHIGAN

FINANCIAL STATEMENTS
JUNE 30, 2008

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INDEPENDENT AUDITORS' REPORT

October 11, 2008

Township Board
Township of Plainfield
Iosco County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the Township of Plainfield, Iosco County, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the index. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund and aggregate remaining fund information of the Township of Plainfield as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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Township Board
Township of Plainfield
October 11, 2008
Page 2

The management's discussion and analysis and budgetary comparison information listed in the index are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Plainfield's basic financial statements. The accompanying other supplemental information, as listed in the index, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Our discussion and analysis of the Township of Plainfield's financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2008.

Financial Highlights

The Township's net assets increased \$293,000 resulting in an ending balance of \$2.6 million. The General Fund reported a decrease in fund balance of \$10,000 resulting in an ending balance of \$432,000.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township of Plainfield financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the government-wide financial statements by providing information about the Township's funds. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements for the Township's sewer operations. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary and Other Supplemental Information for the General Fund, Road Fund, Garbage and Rubbish Collection Fund, Fire Fund, and Loon Lake Improvement Fund. (Required Supplemental Information)

Other Supplemental Information

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Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Township.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds

These funds are reported in fund financial statements and generally report services for which the Township charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

This fund presents the Township's sewer operations that are managed by the Township. The Township has sole authority to set rates and is financially responsible for the integrity of the system.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Fiduciary Funds

The Township is the trustee, or fiduciary, for the Cemetery Trust Fund. All of the Township's fiduciary activities are reported in separate Statements of Net Assets and Changes in Net Assets. We excluded these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Government-wide Financial Analysis

Financial position - The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of June 30, 2008 and 2007:

	<u>Exhibit A</u>		Governmental Activities		Business-type Activities		Total	
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets								
Current and other assets	\$		1,511,000	\$ 1,238,000	\$ 285,000	\$ 310,000	\$ 1,796,000	\$ 1,548,000
Capital assets - net of accumulated depreciation			<u>995,000</u>	<u>957,000</u>	<u>382,000</u>	<u>432,000</u>	<u>1,377,000</u>	<u>1,389,000</u>
Total assets			<u>2,506,000</u>	<u>2,195,000</u>	<u>667,000</u>	<u>742,000</u>	<u>\$ 3,173,000</u>	<u>\$ 2,937,000</u>
Liabilities								
Current liabilities			359,000	358,000	56,000	0	415,000	358,000
Long-term liabilities			<u>6,000</u>	<u>8,000</u>	<u>200,000</u>	<u>310,000</u>	<u>206,000</u>	<u>318,000</u>
Total liabilities			<u>365,000</u>	<u>366,000</u>	<u>256,000</u>	<u>310,000</u>	<u>621,000</u>	<u>676,000</u>
Net Assets								
Invested in property and equipment- net of related debt			995,000	957,000	127,000	122,000	1,122,000	1,079,000
Unrestricted			<u>1,146,000</u>	<u>872,000</u>	<u>284,000</u>	<u>310,000</u>	<u>1,430,000</u>	<u>1,182,000</u>
Total net assets	\$		<u><u>2,141,000</u></u>	<u><u>1,829,000</u></u>	<u><u>411,000</u></u>	<u><u>432,000</u></u>	<u><u>2,552,000</u></u>	<u><u>2,261,000</u></u>

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Exhibit A , on the previous page, focuses on net assets. The Township's total net assets were \$2.6 million at June 30, 2008. Capital assets net of related debt, totaling \$1.1 million compares the original costs, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets.

The \$1.4 million of unrestricted net assets of governmental and business-type activities represents the *accumulated* results of all past years' operations. The operating results of the General, Special Revenue and Enterprise Funds will have a significant impact on the change in unrestricted net assets from year to year.

Results of operations - The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows the changes in net assets for the year. Exhibit B provides a summary of the Township's operations for 2008 and 2007.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

	Governmental Activities		Business-Type Activities		Total	
<u>Exhibit B</u>	2008	2007	2008	2007	2008	2007
Revenue						
Program revenue:						
Charges for services	\$ 491,000	\$ 479,000	\$ 68,000	\$ 65,000	\$ 559,000	\$ 544,000
Capital grants and contributions	203,000	27,000	0	0	203,000	27,000
General revenue:						
Property taxes	553,000	524,000	0	0	553,000	524,000
State shared revenue	294,000	294,000	0	0	294,000	294,000
Interest and investment earnings	25,000	25,000	8,000	8,000	33,000	33,000
Transfers	7,000	0	(7,000)	0	0	0
Other	107,000	53,000	0	0	107,000	53,000
Total revenue	1,680,000	1,402,000	69,000	73,000	1,749,000	1,475,000
Function/Program Expenses						
General government	358,000	415,000	0	0	358,000	415,000
Public safety	247,000	223,000	0	0	247,000	223,000
Sanitation	226,000	219,000	0	0	226,000	219,000
Highways and streets	239,000	214,000	0	0	239,000	214,000
Recreation and culture	31,000	8,000	0	0	31,000	8,000
Library	45,000	49,000	0	0	45,000	49,000
Other	88,000	58,000	0	0	88,000	58,000
Public works	134,000	101,000	0	0	134,000	101,000
Sewer	0	0	90,000	79,000	90,000	79,000
Total expenses	1,368,000	1,287,000	90,000	79,000	1,458,000	1,366,000
Increase (decrease) in net assets	\$ 312,000	\$ 115,000	\$ (21,000)	\$ (6,000)	\$ 291,000	\$ 109,000

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

As reported in the statement of activities, the cost of all of our *governmental and business-type* activities this year was \$1.5 million. Certain activities were partially funded by \$559,000 received from those who benefited from the programs, or by the other Townships and organizations that subsidized certain programs with grants of \$203,000. We paid for the remaining "public benefit" portion of our governmental and business-type activities with \$553,000 in taxes, \$294,000 in State shared revenue, and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$290,000 mainly due to actual expenditures being less than anticipated. Revenue increased significantly from prior year and that was because the Township received two grants in the Fire Fund. One grant was to purchase fire equipment while the other grant was to place a down payment on a fire truck. The fire truck will be expensed in the subsequent year when the Township takes possession of the fire truck. The increase in net assets differs from the change in fund balance and a reconciliation appears in the financial statements.

The Township's Funds

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

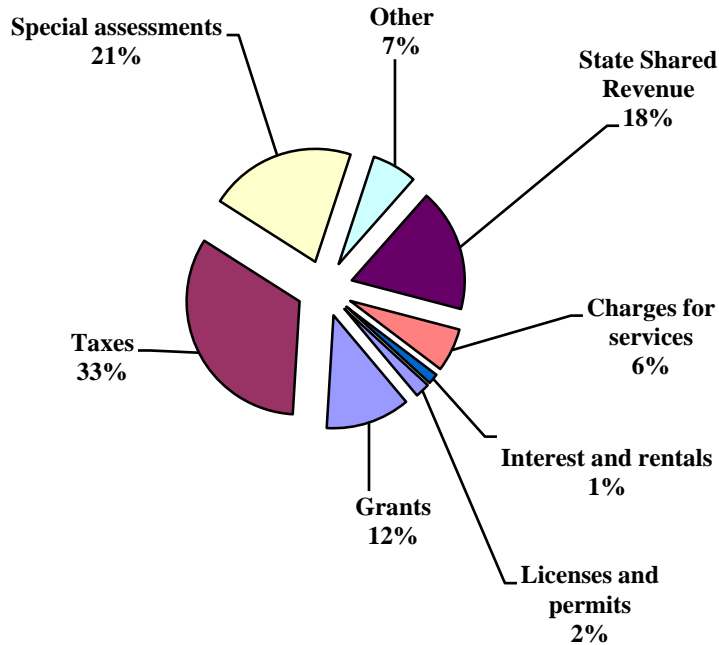
The Township's governmental funds reported a combined fund balance of \$1,152,000 which is above last year's total of \$880,000. The schedule below details the fund balance and the total change in fund balances as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Increase (Decrease)
General Fund	\$ 432,000	\$ 442,000	\$ (10,000)
Road Fund	264,000	246,000	18,000
Garbage and Rubbish Collection Fund	57,000	14,000	43,000
Fire Fund	424,000	202,000	222,000
Loon Lake Improvement Fund	(45,000)	(45,000)	0
Library Fund	33,000	27,000	6,000
Bass Lake Fund	0	0	0
West Londo Lake Fund	(14,000)	(13,000)	(1,000)
Little Long Lake Fund	1,000	7,000	(6,000)
Total	<u>\$ 1,152,000</u>	<u>\$ 880,000</u>	<u>\$ 272,000</u>

The Township's Sewer Fund's net assets decreased \$21,000 resulting in an ending balance of \$411,000.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The graph below details the major sources of the Township's revenues.



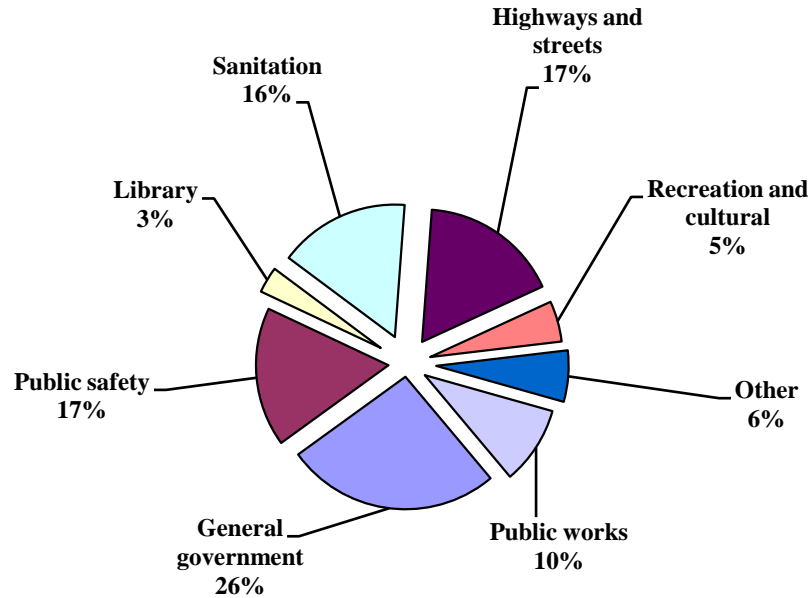
The chart below compares current year revenues with last year.

	2008	2007	Percentage Change
<i>Revenues by Function</i>			
State shared revenue	\$ 294,000	\$ 294,000	0.00%
Taxes	553,000	524,000	5.53%
Charges for services	104,000	106,000	-1.89%
Licenses and permits	35,000	34,000	2.94%
Special assessments	352,000	339,000	3.83%
Other	108,000	80,000	35.00%
Grants	202,000	0	0.00%
Interest and rentals	25,000	25,000	0.00%
Total	<u>\$ 1,673,000</u>	<u>\$ 1,402,000</u>	<u>19.33%</u>

Revenues are up \$271,000 mainly due to the receipt of a grant in the Fire Fund for the purchase of equipment and to place a down payment on a new fire truck.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

The graph below details the major expenditure categories of the Township.



The chart below compares current year expenditures with last year.

	2008	2007	Percentage Change
<i>Expenditures by Function</i>			
General government	\$ 368,000	\$ 400,000	-8%
Public safety	239,000	190,000	26%
Sanitation	225,000	224,000	0%
Public works	134,000	101,000	33%
Highways and streets	239,000	214,000	12%
Recreation and cultural	70,000	7,000	900%
Library	45,000	49,000	-8%
Other	88,000	58,000	100%
Total	<u>\$ 1,408,000</u>	<u>\$ 1,243,000</u>	<u>13%</u>

Expenditures are up \$165,000 from the prior year mostly due to engineering costs related to the nature park expansion, purchase of land at the site of the nature park and more fire equipment was purchased during the current year.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Sewer System Fund -The Township's Proprietary fund shows the activity of the Sewer Fund. This fund reported net assets of \$411,000 and a net decrease in net assets of \$21,000.

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget were as follows:

- There were no significant changes to budgeted revenues during the current fiscal year.
- There were no significant changes to budgeted expenditures during the current fiscal year.

Actual revenues were less than budgeted revenues by \$163,302 mainly due to budgeting too much for a contingency and not receiving as much in licenses and permits. Actual expenditures were less than budgeted expenditures by \$153,349 mainly due to general government, recreation and culture and other charges being less than expected.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Capital Assets

At June 30, 2008, the Township had \$1,376,500 invested in a broad range of capital assets, including land, buildings, furniture, equipment and sewer systems. This amount represents a net decrease (including additions and disposals) of approximately \$12,500 or 1%, from last year.

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 21,000	\$ 500	\$ 15,000	\$ 15,000	\$ 36,000	\$ 15,500
Construction in progress	39,000	0	0	0	39,000	795,000
Buildings and improvements	795,000	795,000	0	0	795,000	795,000
Vehicles	17,500	17,500	0	0	17,500	17,500
Machinery and equipment	859,000	830,000	0	0	859,000	830,000
Sewer system	0	0	1,138,000	1,138,000	1,138,000	1,138,000
 Total capital assets	 1,731,500	 1,643,000	 1,153,000	 1,153,000	 2,884,500	 3,591,000
 Less accumulated depreciation	 737,000	 686,000	 771,000	 721,000	 1,508,000	 1,407,000
 Net capital assets	 <u>\$ 994,500</u>	 <u>\$ 957,000</u>	 <u>\$ 382,000</u>	 <u>\$ 432,000</u>	 <u>\$ 1,376,500</u>	 <u>\$ 2,184,000</u>

Fixed asset additions for 2008 were \$88,000 which included the purchase of land, fire equipment and construction in progress related to the nature park. In the next fiscal year, the Township will purchase a new fire truck and will continue construction on the nature park.

We present more detailed information about our capital assets in the notes to the financial statements.

Plainfield Township
Management's Discussion and Analysis
For the Year Ended June 30, 2008

Debt

At the end of this year, the Township had \$261,000 in long-term debt outstanding versus \$318,000 in the previous year – a change of 18%. The Township's debt includes revenue bonds for its sewer system and compensated absences. This debt is summarized as follows:

	<u>2008</u>	<u>2007</u>
Revenue bonds	\$ 255,000	\$ 310,000
Compensated absences	6,000	8,000
	<u>\$ 261,000</u>	<u>\$ 318,000</u>

The Township's General Obligation Bond rating continues to be equivalent to the State's credit rating. During the current fiscal year, the Township entered into a lease agreement to purchase a fire truck. The fire truck will not be finished until next fiscal year so payment on the lease will not start until February 2009.

Factors Expected to Have an Effect on Future Operations

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. We will need to adjust Township expenditures in response to any revenue shortfall.

Contacting The Township's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact the Township Clerk's Office at 320 N. Washington, Hale, Michigan 48739.

Plainfield Township
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and investments	\$ 1,200,620	\$ 256,237	\$ 1,456,857
Receivables:			
Accounts receivable	142,932	28,399	171,331
Prepaid expenses and advances	167,487	0	167,487
Capital assets - less accumulated depreciation of \$1,507,434	<u>994,879</u>	<u>382,181</u>	<u>1,377,060</u>
Total assets	<u>2,505,918</u>	<u>666,817</u>	<u>3,172,735</u>
<u>Liabilities</u>			
Accounts payable	52,330	1,086	53,416
Accrued and other payables	2,458	0	2,458
Note payable	66,700	0	66,700
Deferred revenue	237,060	0	237,060
Noncurrent liabilities:			
Due within one year	0	55,000	55,000
Due in more than one year	<u>6,020</u>	<u>200,000</u>	<u>206,020</u>
Total liabilities	<u>364,568</u>	<u>256,086</u>	<u>620,654</u>
<u>Net Assets</u>			
Invested in capital assets net of related debt	994,879	127,181	1,122,060
Unrestricted	<u>1,146,471</u>	<u>283,550</u>	<u>1,430,021</u>
Total net assets	<u><u>\$ 2,141,350</u></u>	<u><u>\$ 410,731</u></u>	<u><u>\$ 2,552,081</u></u>

See accompanying notes to financial statements

Plainfield Township
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:						
General government	\$ 358,321	\$ 115,658	\$ 0	\$ (242,663)	\$ 0	\$ (242,663)
Public safety	246,867	23,345	201,746	(21,776)	0	(21,776)
Sanitation	226,032	249,253	0	23,221	0	23,221
Highways and streets	238,894	24,224	0	(214,670)	0	(214,670)
Other	88,306	50,511	0	(37,795)	0	(37,795)
Library	44,907	28,186	812	(15,909)	0	(15,909)
Public works	134,443	0	0	(134,443)	0	(134,443)
Recreation and culture	31,148	0	0	(31,148)	0	(31,148)
Total governmental activities	<u>1,368,918</u>	<u>491,177</u>	<u>202,558</u>	<u>(675,183)</u>	<u>0</u>	<u>(675,183)</u>
Business-type activities:						
Sewer	<u>90,159</u>	<u>68,240</u>	<u>0</u>	<u>0</u>	<u>(21,919)</u>	<u>(21,919)</u>
Total primary government	<u>\$ 1,459,077</u>	<u>\$ 559,417</u>	<u>\$ 202,558</u>	<u>(675,183)</u>	<u>(21,919)</u>	<u>(697,102)</u>
General Revenues:						
Property taxes				553,043	0	553,043
State shared revenue				293,806	0	293,806
Investment earnings				25,469	8,086	33,555
Transfers				7,440	(7,440)	0
Miscellaneous				<u>107,108</u>	<u>0</u>	<u>107,108</u>
Total general revenues				<u>986,866</u>	<u>646</u>	<u>987,512</u>
Change in net assets				311,683	(21,273)	290,410
Net assets - beginning of year				<u>1,829,667</u>	<u>432,004</u>	<u>2,261,671</u>
Net assets - end of year				<u>\$ 2,141,350</u>	<u>\$ 410,731</u>	<u>\$ 2,552,081</u>

See accompanying notes to financial statements

Plainfield Township
Governmental Funds
Balance Sheet
June 30, 2008

	Major Funds						
	General	Road	Garbage and Rubbish Collection	Fire	Loon Lake Improvement	Non-Major	Total
	Fund	Fund	Fund	Fund	Fund	Funds	
<u>Assets</u>							
Cash and investments	\$ 384,565	\$ 274,938	\$ 201,362	\$ 298,034	\$ 7,375	\$ 34,346	\$ 1,200,620
Receivables - net	46,392	0	96,540	0	0	0	142,932
Due from other funds	7,146	0	0	0	0	0	7,146
Prepaid expenditures and advances	762	0	0	166,725	0	0	167,487
Total assets	<u>\$ 438,865</u>	<u>\$ 274,938</u>	<u>\$ 297,902</u>	<u>\$ 464,759</u>	<u>\$ 7,375</u>	<u>\$ 34,346</u>	<u>\$ 1,518,185</u>
<u>Liabilities</u>							
Accounts payable	\$ 4,215	\$ 11,237	\$ 3,985	\$ 32,893	\$ 0	\$ 0	\$ 52,330
Due to other funds	0	0	76	7,060	0	10	7,146
Accrued and other payables	2,458	0	0	0	0	0	2,458
Note payable	0	0	0	0	52,600	14,100	66,700
Deferred revenue	0	0	237,060	0	0	0	237,060
Total liabilities	<u>6,673</u>	<u>11,237</u>	<u>241,121</u>	<u>39,953</u>	<u>52,600</u>	<u>14,110</u>	<u>365,694</u>
<u>Fund Balance (Deficit)</u>							
Unreserved	<u>432,192</u>	<u>263,701</u>	<u>56,781</u>	<u>424,806</u>	<u>(45,225)</u>	<u>20,236</u>	<u>1,152,491</u>
Total fund balance (deficit)	<u>432,192</u>	<u>263,701</u>	<u>56,781</u>	<u>424,806</u>	<u>(45,225)</u>	<u>20,236</u>	<u>1,152,491</u>
Total liabilities and fund balance	<u>\$ 438,865</u>	<u>\$ 274,938</u>	<u>\$ 297,902</u>	<u>\$ 464,759</u>	<u>\$ 7,375</u>	<u>\$ 34,346</u>	<u>\$ 1,518,185</u>

See accompanying notes to financial statements

Plainfield Township
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Total fund balance - governmental funds	\$ 1,152,491
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds:

Cost of the capital assets	\$ 1,731,802	
Accumulated depreciation	<u>(736,923)</u>	994,879

Long-term liabilities are not due and payable in the current
period and are not reported in the funds:

Compensated absences	<u>(6,020)</u>
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Total net assets - governmental activities	<u><u>\$ 2,141,350</u></u>
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See accompanying notes to financial statements

Plainfield Township
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2008

	Major Funds						
	General	Road	Garbage and	Fire	Loon Lake	Non-Major	
	Fund	Fund	Rubbish Collection	Fund	Improvement	Funds	Total
			Fund		Fund		
<u>Revenues</u>							
State shared revenue	\$ 293,806	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 293,806
Taxes and penalties	133,564	183,291	0	186,500	0	49,688	553,043
Charges for services	80,723	0	0	23,345	0	0	104,068
Licenses and permits	34,935	0	0	0	0	0	34,935
Special assessment	0	24,224	249,253	0	50,511	28,186	352,174
Other revenue	3,556	48,083	10,600	12,469	24,400	8,812	107,920
Grants	0	0	0	201,746	0	0	201,746
Interest and rentals	18,511	984	675	5,054	69	176	25,469
Total revenues	<u>565,095</u>	<u>256,582</u>	<u>260,528</u>	<u>429,114</u>	<u>74,980</u>	<u>86,862</u>	<u>1,673,161</u>
<u>Expenditures</u>							
General government	368,081	0	0	0	0	0	368,081
Public safety	32,672	0	0	206,493	0	0	239,165
Sanitation	0	0	224,965	0	0	0	224,965
Public works	16,431	0	0	0	74,791	43,221	134,443
Highways and streets	0	238,894	0	0	0	0	238,894
Recreation and culture	69,558	0	0	0	0	0	69,558
Library	0	0	0	0	0	44,907	44,907
Other	88,306	0	0	0	0	0	88,306
Total expenditures	<u>575,048</u>	<u>238,894</u>	<u>224,965</u>	<u>206,493</u>	<u>74,791</u>	<u>88,128</u>	<u>1,408,319</u>
Excess of revenues over (under) expenditures	(9,953)	17,688	35,563	222,621	189	(1,266)	264,842
<u>Other Financing Sources (Uses)</u>							
Operating transfers in from other funds	<u>0</u>	<u>0</u>	<u>7,440</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,440</u>
Net change in fund balance	(9,953)	17,688	43,003	222,621	189	(1,266)	272,282
Fund balance (deficit) - beginning of year	<u>442,145</u>	<u>246,013</u>	<u>13,778</u>	<u>202,185</u>	<u>(45,414)</u>	<u>21,502</u>	<u>880,209</u>
Fund balance (deficit) - end of year	<u>\$ 432,192</u>	<u>\$ 263,701</u>	<u>\$ 56,781</u>	<u>\$ 424,806</u>	<u>\$ (45,225)</u>	<u>\$ 20,236</u>	<u>\$ 1,152,491</u>

See accompanying notes to financial statements

Plainfield Township
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balance - total governmental funds	\$ 272,282
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	(50,736)
Capital outlay	88,197
Increase in compensated absences are reported as expenditures when financial resources are used in the governmental funds	<u>1,940</u>
Change in net assets of governmental activities	<u><u>\$ 311,683</u></u>

See accompanying notes to financial statements

Plainfield Township
Proprietary Fund
Statement of Net Assets
June 30, 2008

	<u>Sewer</u>
<u>Assets</u>	
Current assets:	
Cash and investments	\$ 256,237
Receivables - net	<u>28,399</u>
Total current assets	284,636
Capital assets less accumulated depreciation of \$770,511	<u>382,181</u>
Total assets	<u>666,817</u>
<u>Liabilities</u>	
Current liabilities:	
Current portion of bonds payable	55,000
Accounts payable	1,086
Long-term liabilities:	
Bonds payable	<u>200,000</u>
Total liabilities	<u>256,086</u>
<u>Net Assets</u>	
Unreserved	<u><u>\$ 410,731</u></u>

See accompanying notes to financial statements

Plainfield Township
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

	<u>Sewer</u>
<u>Operating Revenues</u>	
Charges for sewer services	\$ 64,452
Special assessment	3,788
	<hr/> 68,240
<u>Operating Expenses</u>	
Personnel costs	10,604
Contractual services	1,104
Utilities	1,859
Repairs and maintenance	16,806
Other supplies and expense	1,451
Depreciation	49,485
	<hr/>
Total operating expenses	81,309
	<hr/>
Operating income (loss)	(13,069)
	<hr/>
<u>Nonoperating Revenues (Expenses)</u>	
Transfer to other funds	(7,440)
Interest income	8,086
Interest expense	(8,850)
	<hr/>
Change in net assets	(21,273)
	<hr/>
Net assets - beginning of year	432,004
	<hr/>
Net assets - end of year	<u>\$ 410,731</u>

See accompanying notes to financial statements

PLAINFIELD TOWNSHIP
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2008

	<u>Sewer</u>
<u>Cash Flows From Operating Activities</u>	
Cash received from customers	\$ 68,808
Cash payments to suppliers for goods and services	(3,328)
Cash payments to employees for services	(12,214)
Other income (expense)	(16,806)
Net cash provided by operating activities	<u>36,460</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Collection of special assessments	44,427
Principal paid on contracts and bonds	(55,000)
Transfer out to governmental funds	(7,440)
Interest paid on contracts and bonds	(8,850)
Net cash (used) by capital and related financing activities	<u>(26,863)</u>
<u>Cash Flows From Investing Activities</u>	
Interest revenue	<u>8,086</u>
Net increase in cash and investments	17,683
Cash and investments - beginning of year	<u>238,554</u>
Cash and investments - end of year	<u><u>\$ 256,237</u></u>
<u>Reconciliation of Cash Flows from Operations</u>	
Operating income (loss)	\$ (13,069)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	49,485
Changes in operating assets and liabilities:	
Accounts receivable	568
Accounts payable	1,086
Due to other funds	(1,610)
Net cash provided by operating activities	<u><u>\$ 36,460</u></u>

See accompanying notes to financial statements

Plainfield Township
Fiduciary Fund
Statement of Net Assets
June 30, 2008

	<u>Cemetery Trust Fund</u>
<u>Assets</u>	
Cash and cash equivalents	<u>\$ 3,820</u>
<u>Net Assets</u>	
Reserved	2,000
Unreserved - undesignated	<u>1,820</u>
Total net assets	<u><u>\$ 3,820</u></u>

Statement of Changes in Net Assets
For the Year Ended June 30, 2008

<u>Additions</u>	
Investment earnings	\$ 139
Net assets - beginning of year	<u>3,681</u>
Net assets - end of year	<u><u>\$ 3,820</u></u>

See accompanying notes to financial statements

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Plainfield conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Plainfield:

Reporting Entity

The Township of Plainfield is governed by an elected five member council (Board). The accompanying financial statements present the financial position and results of operations for the Township.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Township reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Road Fund – The Road Fund is used to record transactions relative to the repairs and upgrades to existing roads of the Township.

Garbage and Rubbish Collection Fund – The Garbage and Rubbish Collection Fund is used to record transactions relative to the collection and disposal of garbage and rubbish.

Fire Fund – The Fire Fund is used to record transactions relative to the fire services provided to the Township.

Loon Lake Improvement Fund– The Loon Lake Improvement fund is used to record transactions associated with the maintenance of Loon Lake.

The Township has one major proprietary fund - the Sewer Fund, which accounts for the activities of the sewage collection system.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Cash and Investments – Cash and investments are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Land, building, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Buildings	15 to 40 years
Building improvements	15 to 20 years
Sewer lines	40 years
Vehicles	7 to 12 years
Machinery and equipment	5 to 7 years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Compensated Absences – The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method. Leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future receive such payments upon termination.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Township of Plainfield follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's supervisor submits to the Board a proposed budget prior to July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 2 – BUDGETS (CONTINUED)

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Road Fund, Garbage and Rubbish Collection Fund, Fire Fund, and Loon Lake Improvement Fund are presented as Required Supplemental Information.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township of Plainfield incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund/Function</u>	<u>Total Appropriation</u>	<u>Amount of Expenditure</u>	<u>Budget Variance</u>
Bass Lake Fund:			
Public works	\$ 3,000	\$ 3,866	\$ 866
West Londo Lake Fund:			
Public works	14,140	23,746	9,606
Loon Lake Improvement Fund:			
Public works	50,000	74,791	24,791

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Governmental activities	\$ 1,200,620
Business-type activities	256,237
Fiduciary funds	<u>3,820</u>
Total	<u><u>\$ 1,460,677</u></u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 1,200,797
Investments (money market account)	259,630
Petty cash and cash on hand	<u>250</u>
Total	<u><u>\$ 1,460,677</u></u>

Interest Rate Risk

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the Township's investment in the pool was rated AAAm by Standard & Poor's, indicating excellent safety.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2008, \$1,044,531 of the Township's bank balance of \$1,573,463 was exposed to custodial credit risk because it was uninsured and collateralized.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 530	\$ 20,000	\$ 0	\$ 20,530
Construction in progress	0	39,077	0	39,077
Subtotal	<u>530</u>	<u>59,077</u>	<u>0</u>	<u>59,607</u>
Capital assets being depreciated:				
Buildings and improvements	795,717	0	0	795,717
Vehicles	17,500	0	0	17,500
Machinery and equipment	829,858	29,120	0	858,978
Subtotal	<u>1,643,075</u>	<u>29,120</u>	<u>0</u>	<u>1,672,195</u>
Less accumulated depreciation for:				
Buildings	455,612	18,097	0	473,709
Vehicles	12,050	1,750	0	13,800
Machinery and equipment	218,525	30,889	0	249,414
Subtotal	<u>686,187</u>	<u>50,736</u>	<u>0</u>	<u>736,923</u>
Net capital assets being depreciated	<u>956,888</u>	<u>(21,616)</u>	<u>0</u>	<u>935,272</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 957,418</u>	<u>\$ 37,461</u>	<u>\$ 0</u>	<u>\$ 994,879</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Capital assets being depreciated:				
Sewer system	<u>1,137,692</u>	<u>0</u>	<u>0</u>	<u>1,137,692</u>
Less accumulated depreciation for:				
Sewer system	<u>721,026</u>	<u>49,485</u>	<u>0</u>	<u>770,511</u>
Business-type activities, total capital assets, net of depreciation	<u>\$ 431,666</u>	<u>\$ (49,485)</u>	<u>\$ 0</u>	<u>\$ 382,181</u>

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 14,180
Public safety	34,822
Recreation and culture	667
Sanitation	<u>1,067</u>
Total governmental activities depreciation expense	<u>\$ 50,736</u>
Business-type activities:	
Sewer	<u>\$ 49,485</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of inter-fund receivables, payables and transfers at June 30, 2008 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 7,146	\$ 0	\$ 7,440	\$ 0
Special Revenue:				
Library fund	0	10	0	0
Fire fund	0	7,060	0	0
Garbage and rubbish collection fund	0	76	0	0
Enterprise:				
Sewer fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,440</u>
	<u>\$ 7,146</u>	<u>\$ 7,146</u>	<u>\$ 7,440</u>	<u>\$ 7,440</u>

These inter-fund receivable and payable balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) supplement operational costs, and (2) reflect funding support for debt service.

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 6 - LONG-TERM DEBT

A summary of the Township's long term debt is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Contract payable with Iosco County, due in annual installments of \$40,000 to \$50,000 plus interest at the rate of 2.0% through April 1, 2012.	\$ 240,000	\$ 0	\$ (45,000)	\$ 195,000
1996 Sewer Extension Bond, due in annual installments of \$10,000 to \$20,000 plus interest at the rate of 6.245% through June 1, 2013.	<u>70,000</u>	<u>0</u>	<u>(10,000)</u>	<u>60,000</u>
Total Business-Type Activities	<u><u>\$ 310,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (55,000)</u></u>	<u><u>\$ 255,000</u></u>

Long-term obligation activity can be summarized as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2008</u>	<u>Amount Due Within One Year</u>
Bonds	\$ 310,000	\$ 0	\$ 55,000	\$ 255,000	\$ 55,000
Compensated absences	7,960	0	1,940	6,020	0
	<u><u>\$ 317,960</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 56,940</u></u>	<u><u>\$ 261,020</u></u>	<u><u>\$ 55,000</u></u>

Plainfield Township
Notes to Financial Statements
For the Year Ended June 30, 2008

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End June 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 55,000	\$ 7,647	\$ 62,647
2010	60,000	6,123	66,123
2011	60,000	4,498	64,498
2012	60,000	2,873	62,873
2013	20,000	1,249	21,249
Total	<u>\$ 255,000</u>	<u>\$ 22,390</u>	<u>\$ 277,390</u>

NOTE 7 – SHORT-TERM DEBT ACTIVITY

The Township issued promissory notes in advance of special assessment payments. These notes are necessary because the Township's cash flow obligation to operating expenditures precede the collection of special assessments that are included on the winter tax bill.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Loon Lake Note	\$ 46,485	\$ 52,600	\$ 46,485	\$ 52,600
West Londo Lake Note	13,000	14,100	13,000	14,100
	<u>\$ 59,485</u>	<u>\$ 66,700</u>	<u>\$ 59,485</u>	<u>\$ 66,700</u>

NOTE 8 – DEFICIT FUND BALANCE

The Township's Loon Lake Improvement Fund and West Londo Lake Fund have a deficit fund balance as a result of having excess expenditures over revenues. These deficits will be eliminated through future special assessments.

Plainfield Township
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
State shared revenue	\$ 295,000	\$ 295,000	\$ 293,806	\$ (1,194)
Property taxes	126,847	126,847	133,564	6,717
Charges for services	92,650	92,650	80,723	(11,927)
Licenses and permits	55,000	55,000	34,935	(20,065)
Other revenue	150,400	150,400	3,556	(146,844)
Interest and rentals	8,500	8,500	18,511	10,011
Total revenues	<u>728,397</u>	<u>728,397</u>	<u>565,095</u>	<u>(163,302)</u>
<u>Expenditures</u>				
General government	429,640	429,640	368,081	61,559
Public safety	35,730	35,730	32,672	3,058
Public works	17,700	17,700	16,431	1,269
Recreation and culture	136,950	136,950	69,558	67,392
Other charges	108,377	108,377	88,306	20,071
Total expenditures	<u>728,397</u>	<u>728,397</u>	<u>575,048</u>	<u>153,349</u>
Excess of revenues over (under) expenditures	0	0	(9,953)	(9,953)
Fund balance - beginning of year	<u>442,145</u>	<u>442,145</u>	<u>442,145</u>	<u>0</u>
Fund balance - end of year	<u>\$ 442,145</u>	<u>\$ 442,145</u>	<u>\$ 432,192</u>	<u>\$ (9,953)</u>

Plainfield Township
Required Supplemental Information
Budgetary Comparison Schedule - Road Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Property taxes	\$ 174,000	\$ 174,000	\$ 183,291	\$ 9,291
Special assessment	16,100	16,100	24,224	8,124
Other revenue	88,300	88,300	48,083	(40,217)
Interest	600	600	984	384
Total revenues	279,000	279,000	256,582	(22,418)
<u>Expenditures</u>				
Highways and streets	279,000	279,000	238,894	40,106
Excess of revenues over expenditures	0	0	17,688	17,688
Fund balance - beginning of year	246,013	246,013	246,013	0
Fund balance - end of year	<u>\$ 246,013</u>	<u>\$ 246,013</u>	<u>\$ 263,701</u>	<u>\$ 17,688</u>

Plainfield Township
Required Supplemental Information
Budgetary Comparison Schedule - Garbage and Rubbish Collection Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Special assessment	\$ 210,680	\$ 210,680	\$ 249,253	\$ 38,573
Other revenue	27,000	27,000	10,600	(16,400)
Interest	1,000	1,000	675	(325)
Total revenues	238,680	238,680	260,528	21,848
<u>Expenditures</u>				
Sanitation	238,680	238,680	224,965	13,715
Excess of revenues over expenditures	0	0	35,563	35,563
<u>Other Financing Sources</u>				
Operating transfers in from other funds	0	0	7,440	7,440
Net change in fund balance	0	0	43,003	43,003
Fund balance - beginning of year	13,778	13,778	13,778	0
Fund balance - end of year	<u>\$ 13,778</u>	<u>\$ 13,778</u>	<u>\$ 56,781</u>	<u>\$ 43,003</u>

Plainfield Township
Required Supplemental Information
Budgetary Comparison Schedule - Fire Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Property taxes	\$ 163,890	\$ 163,890	\$ 186,500	\$ 22,610
Charges for services	20,000	20,000	23,345	3,345
Other revenue	11,500	11,500	12,469	969
Grants	0	200,640	201,746	1,106
Interest	500	500	5,054	4,554
Total revenues	195,890	396,530	429,114	32,584
<u>Expenditures</u>				
Public safety	195,890	396,530	206,493	190,037
Excess of revenues over expenditures	0	0	222,621	222,621
Fund balance - beginning of year	202,185	202,185	202,185	0
Fund balance - end of year	<u>\$ 202,185</u>	<u>\$ 202,185</u>	<u>\$ 424,806</u>	<u>\$ 222,621</u>

Plainfield Township
Required Supplemental Information
Budgetary Comparison Schedule - Loon Lake Improvement Fund
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Special Assessments	\$ 50,000	\$ 50,000	\$ 50,511	\$ 511
Other revenue	0	0	24,400	24,400
Interest	0	0	69	69
Total revenues	50,000	50,000	74,980	24,980
<u>Expenditures</u>				
Public works	50,000	50,000	74,791	(24,791)
Excess of revenues over expenditures	0	0	189	189
Fund balance (deficit) - beginning of year	(45,414)	(45,414)	(45,414)	0
Fund balance (deficit) - end of year	<u>\$ (45,414)</u>	<u>\$ (45,414)</u>	<u>\$ (45,225)</u>	<u>\$ 189</u>

Plainfield Township
Governmental Funds
Combining Balance Sheet-Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>				
	<u>Library Fund</u>	<u>Bass Lake Fund</u>	<u>West Londo Lake Fund</u>	<u>Little Long Lake Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash and investments	<u>\$ 32,813</u>	<u>\$ 355</u>	<u>\$ 329</u>	<u>\$ 849</u>	<u>\$ 34,346</u>
<u>Liabilities</u>					
Note payable	\$ 0	\$ 0	\$ 14,100	\$ 0	\$ 14,100
Due to other funds	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
Total liabilities	<u>10</u>	<u>0</u>	<u>14,100</u>	<u>0</u>	<u>14,110</u>
<u>Fund Balance (Deficit)</u>					
Unreserved	<u>32,803</u>	<u>355</u>	<u>(13,771)</u>	<u>849</u>	<u>20,236</u>
Total fund balance (deficit)	<u>32,803</u>	<u>355</u>	<u>(13,771)</u>	<u>849</u>	<u>20,236</u>
Total liabilities and fund balance	<u>\$ 32,813</u>	<u>\$ 355</u>	<u>\$ 329</u>	<u>\$ 849</u>	<u>\$ 34,346</u>

Plainfield Township
Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance-Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds				
	Library Fund	Bass Lake Fund	West Londo Lake Fund	Little Long Lake Fund	Total
<u>Revenues</u>					
Taxes and penalties	\$ 49,688	\$ 0	\$ 0	\$ 0	\$ 49,688
Special assessment	0	3,830	14,892	9,464	28,186
Other revenue	812	0	8,000	0	8,812
Interest and rentals	120	3	14	39	176
Total revenues	<u>50,620</u>	<u>3,833</u>	<u>22,906</u>	<u>9,503</u>	<u>86,862</u>
<u>Expenditures</u>					
Current:					
Public works	0	3,866	23,746	15,609	43,221
Library	<u>44,907</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,907</u>
Total expenditures	<u>44,907</u>	<u>3,866</u>	<u>23,746</u>	<u>15,609</u>	<u>88,128</u>
Excess of revenues over (under) expenditures	5,713	(33)	(840)	(6,106)	(1,266)
Fund balance (deficit)- beginning of year	<u>27,090</u>	<u>388</u>	<u>(12,931)</u>	<u>6,955</u>	<u>21,502</u>
Fund balance (deficit) - end of year	<u>\$ 32,803</u>	<u>\$ 355</u>	<u>\$ (13,771)</u>	<u>\$ 849</u>	<u>\$ 20,236</u>



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ROBERT J. DUYCK, CPA

October 11, 2008

Township Board
Township of Plainfield
Iosco County, Michigan

In planning and performing our audit of the financial statements of Township of Plainfield as of and for the year ended June 30, 2008, in accordance with U.S. generally accepted auditing standards, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies. However as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Financial Statement Presentation

Our professional standards now define an element of internal control as an organization's ability to prepare a complete set of financial statements with footnotes in accordance with U.S. generally accepted accounting principles. We are required to communicate to the Board of Directors if the Organization is unable to complete this task without assistance from its auditor.

It is not uncommon that many small and medium size organizations cannot provide the resources to accomplish this task. This is the situation with the Township. This comment is not intended to reflect on the performance or capability of any employee.

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Township Board
Township of Plainfield
October 11, 2008
Page 2

However, we have reviewed the periodic financial reporting prepared by management and provided to the Board and determined it is appropriate for the size of the Township. This information appears to meet the reporting requirements of the Board and provides it sufficient information for it to perform its oversight responsibilities.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

Segregation of duties

One of the strongest controls in an internal control system is known as "segregation of duties." This means that there are different individuals performing different duties within a specific accounting function. Having multiple individuals performing duties in the same accounting function acts as a check and balance.

As is common in many small organizations, there is often only a few people, sometimes only one person, performing the accounting and financial functions. It is also common to have these individuals concentrate their efforts in one area. While this is usually more cost efficient, it lends for a weak internal control system. There are generally insufficient checks and balances in place.

This is the situation with the Township of Plainfield. Due to limited staff size, the Township has a lack of segregation of duties with respect to the cash receipts accounting functions because the duties are centralized with one individual.

This communication is intended solely for the information and use of management, and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

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October 11, 2008

Township Board
Plainfield Township
Bay County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plainfield Township for the year ended June 30, 2008 and have issued our report thereon dated October 11, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 11, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on July 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Plainfield Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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Township Board
Plainfield Township
October 11, 2008
Page 2

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation is based on the estimated useful life of fixed assets. We evaluated the key factors and assumptions used to develop the estimated useful life of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



WEINLANDER FITZHUGH

Township Board
Plainfield Township
October 11, 2008
Page 3

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh